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SOVIET SATELLITES AND THE COUNCIL
OF ECONOMIC MUTUAL ASSISTANCE

S. Verona

Commercial relations between the USSR and the People's Democracies, and between the People's Democracies themselves, are constantly increasing within the framework of the CEMA (Council of Economic Mutual Assistance).

Agreements concluded between these countries are of practical value for their mutual development. Exchange of goods is made on the basis of rubles. This fact emphasizes the importance of the decree of the government of the Soviet Union of 1 March 1950, modifying the rate of exchange of the ruble in relation to capitalist currencies and placing the ruble on the gold standard.

The fact that the agreements between the People's Democracies, as well as between the USSR and the People's Democracies, stipulate payment in rubles constitutes a barrier against the world-wide fluctuations in currency and especially against fluctuations in the value of the dollar.

The agreements between the People's Democracies provide for expansion in the volume of exchange even during the period for which they are in force. Thus, the volume of exchange of goods between countries increased as follows (in percent):

	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
<u>Poland With</u>						
Czechoslovakia			100		536	561
Hungary				100	300	435
Rumania	100				200	252
Bulgaria		100				160

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	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
<u>Czechoslovakia With</u>						
Rumania			100		619	
Hungary			100		223	
Bulgaria			100		123	
Albania			100		3,500	

Another form of collaboration within the framework of CEMA is the common organization of industry and transport. For example, Poland and Czechoslovakia are cooperating in the construction of an electric-energy enterprise at Dvora. Czechoslovakia is casting the boilers and Poland is carrying out the technical work and furnishing transport. These two countries will also construct factories for synthetic fiber and viscose. Industry in the Czechoslovak People's Republic is assisting in the construction of the largest leather combine in the Polish People's Republic. This will be a plant which will produce approximately 12 million pairs of shoes annually. A total of 20 common industries of this type are under construction. In the field of transport, Czechoslovakia has obtained the right of free transit of goods through the Polish People's Republic. A special Czechoslovak zone has been leased in the Polish harbor of Szczecin. At the same time, Czechoslovakia is collaborating with the Bulgarian People's Republic for the efficient use of common natural resources. Likewise branches of chemical industry of both countries are collaborating.

The People's Democracies also make an exchange of experiences. They are utilizing the most advanced methods developed by the USSR. There is a constant exchange of knowledge through the presence of Soviet specialists in these lands, as well as by the exchange specialists between countries, visiting students, and labor delegates.

The USSR also aids the People's Democracies through the mixed enterprises. The first mixed enterprises [known as Sovroms, in Rumania] were organized on the basis of former German properties, in conformity with the stipulations of the Crimea and Potsdam conferences. These properties reverted to the USSR as partial payment for the damage inflicted by the German troops. The USSR used these indemnities principally for the organization of mixed enterprises. At present, new enterprises of this type are being formed with the help of funds invested by the USSR and the respective country and are owned 50 percent by the USSR and 50 percent by the country concerned. However, they function according to the laws and plans of the country in which they are located.

The USSR has aided CEMA countries in the establishment of entirely new industries. For example, Rumania has undertaken, for the first time, the production of tractors. The ferrous and machinery industries in Bulgaria and the refining of petroleum in the Albanian People's Republic have already begun operations.

Within the framework of CEMA, the USSR has granted special aid to the German Democratic Republic. In addition, large-scale exports by the USSR and the People's Democracies have helped support it.

The USSR has concluded a treaty of friendship, mutual aid, and assistance with the Chinese People's Republic. This involves also a commercial agreement signed on 14 April 1950 and grants of credit. Under the 5 year credit agreement, the Chinese People's Republic will receive from the Soviet Union (on credit and at an interest rate of one percent per year) equipment for electrical factories, mines, metallurgical factories, and factories for transport machines and tools). On 19 April 1950, the USSR concluded a new agreement

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for the exchange of goods with the Chinese People's Republic. On 14 March 1951, the two countries signed an agreement, on the basis of which direct railroad connections were established on 1 April 1951.

Mixed Soviet-Chinese enterprises were created according to an agreement signed on 27 March 1950. One was formed in the petroleum industry for exploration, development, and exploitation of sources of petroleum in Sinkiang. A second was organized in the nonferrous-metal industry and is engaged in prospecting, developing, and exploiting of nonferrous metal deposits.

All these phases of activity, involving the aid and collaboration of the USSR within the framework of CEMA are intended to raise the level of social and material culture and to promote the growth of socialism.

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